# Defense Procurement Payment System

*Overview*
*for*

**SANTA ANA'S ACQUISTION REFORM DAY**
**MAY 24, 2000**

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*Program Management Office*
*Defense Procurement Payment System*

# Mission and Goals

"**The DPPS PMO will reengineer business processes, define standard shareable data, and will acquire and deploy an AIS using the DFAS Corporate Database (DCD) for entitlement processing.**"

*Help reduce* **problem disbursements**
*Facilitate* **standardized processes**
*Utilize* **standard data**
*Reduce* **labor intensive processes**
*Support* **paperless environment**
*Strengthen* **internal controls**

# Coming From:

- **Systemic weaknesses**
  - **Overpayments to contractors**
  - **Unmatched disbursements**
  - **Negative Unliquidated Obligations (NULOs)**
  - **Inadequate corporate reporting**
- **Unfavorable Congressional & public opinion**
- **Reform**
  - **Chief Financial Officer's Act**
  - **Federal Manager's Financial Integrity Act**
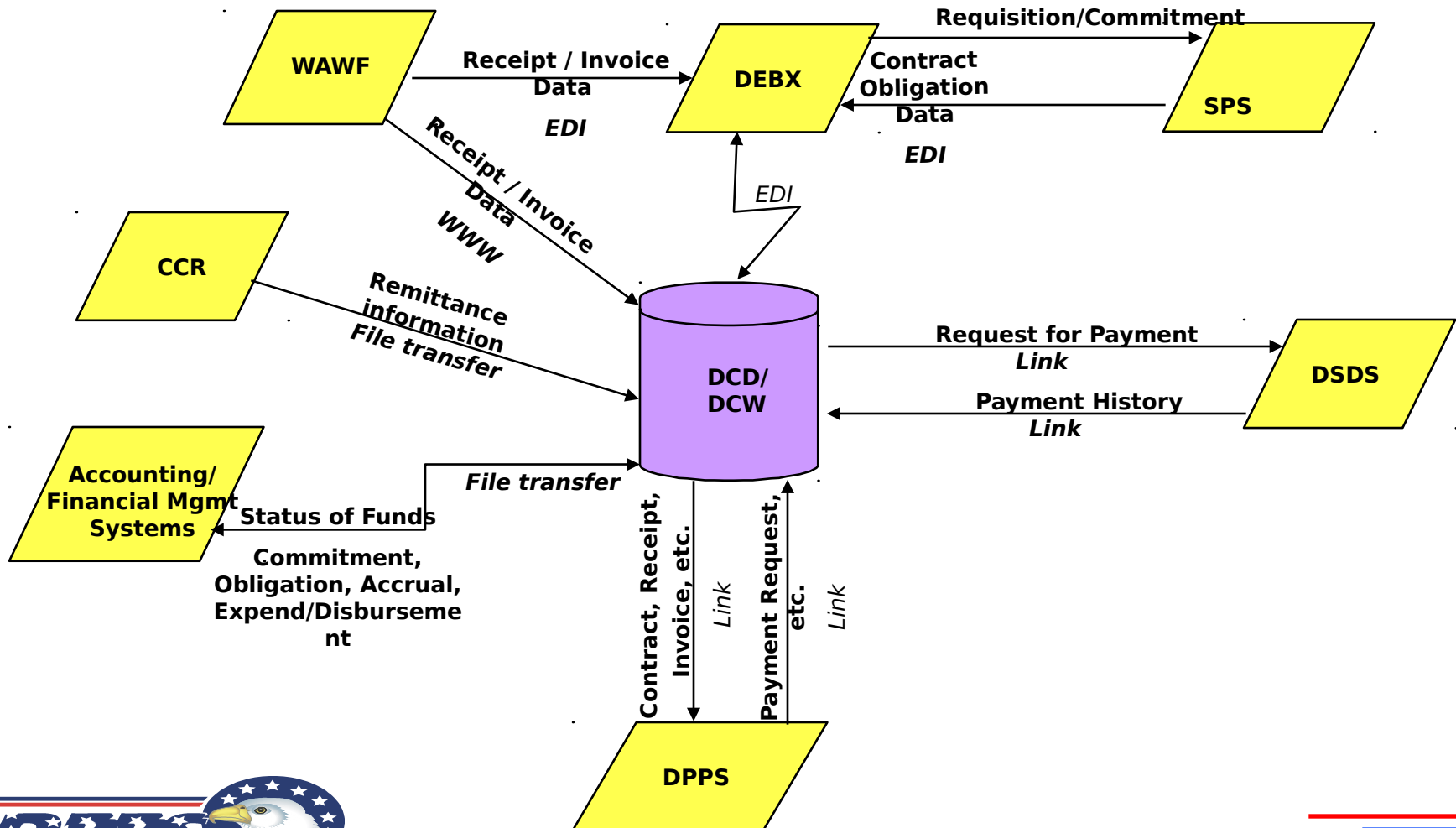  - **Prompt Pay Act**

# Going To:

- **Latest systems technology and architecture**
  - **Shared data environment**
  - **Improved data integrity**
    - **Standard data**
    - **Up-front, input data edits**
  - **Minimal manual intervention**
  - **Single point for data entry**
  - **Electronic versus hard copy data**
- **Audit trails and internal controls**
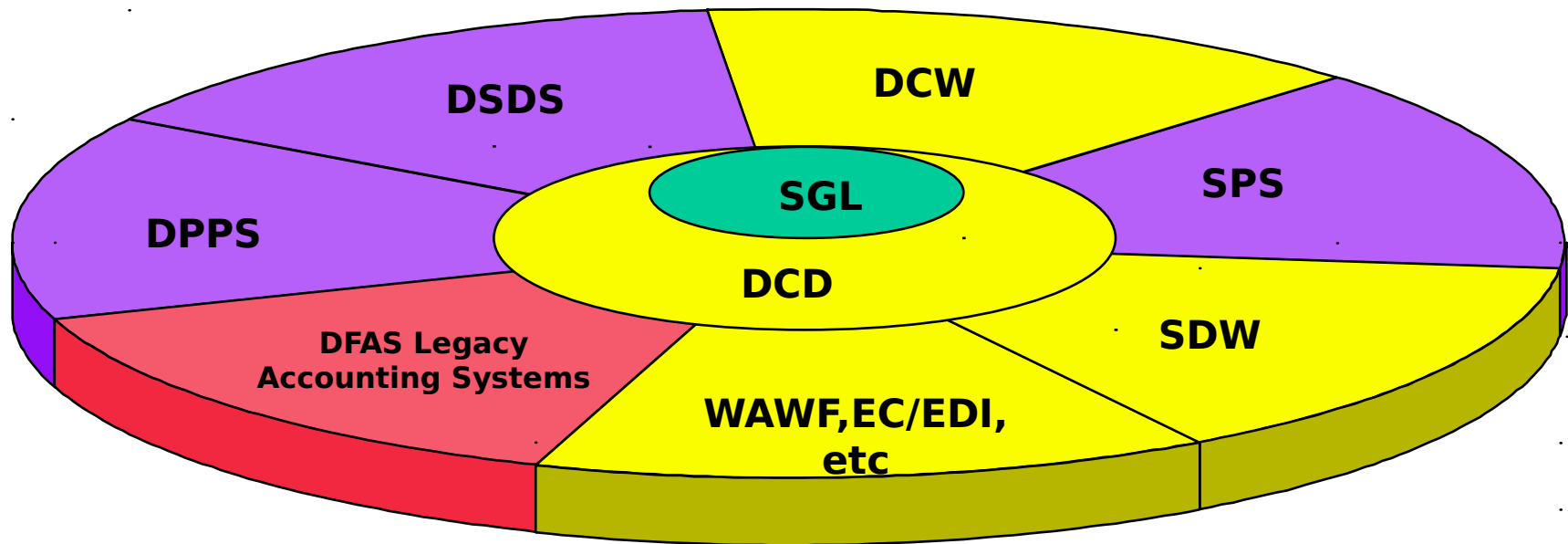  - **Single point of funds availability**

# "TO-BE"
# End-to-End Procurement Proc

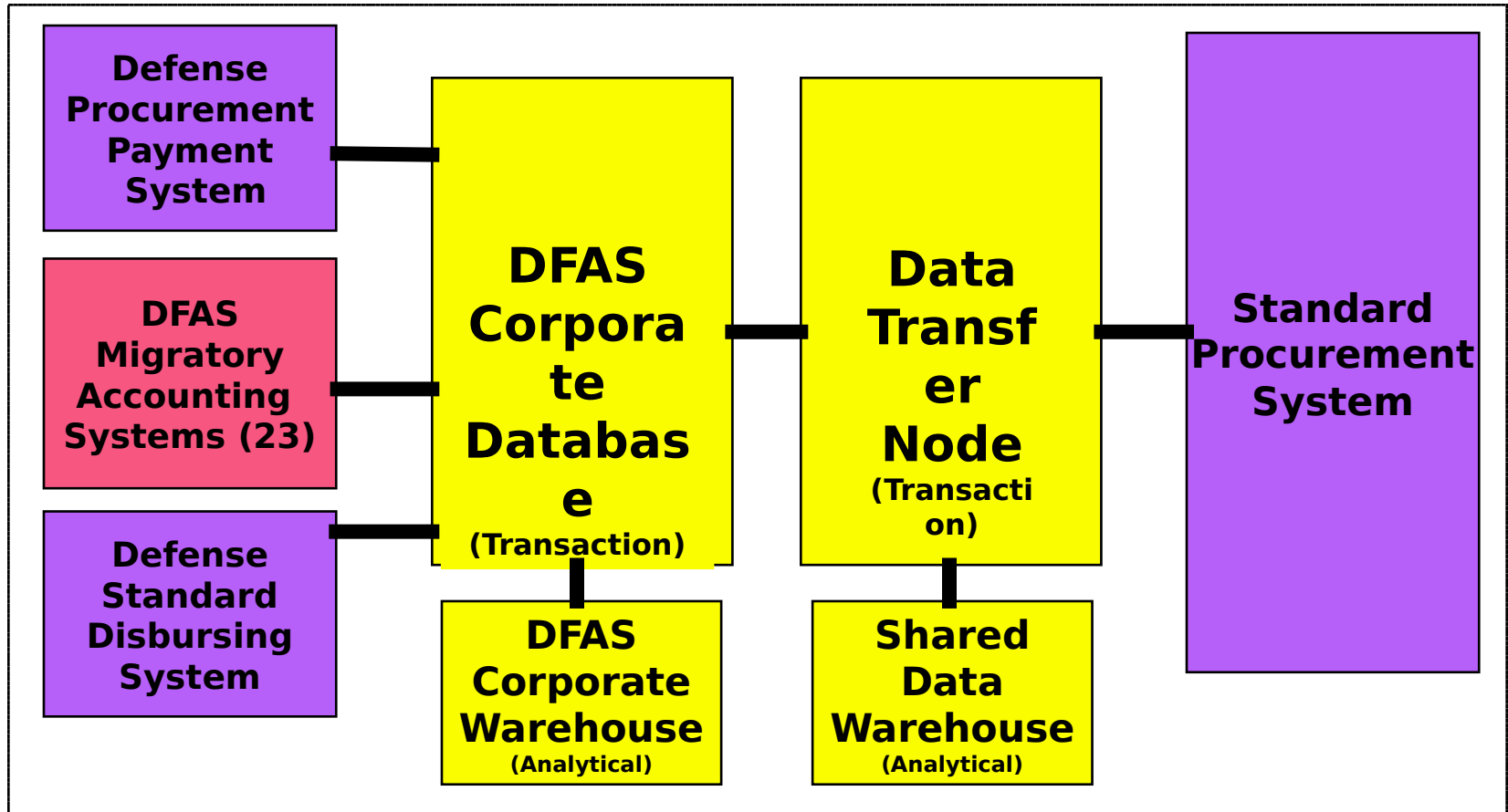# Department of Defense Procurement Processing Enterprise Solution

# Department of Defense
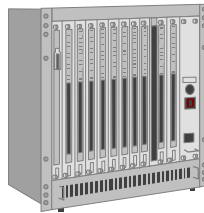## End-to-End Procurement Processing Environment - Core

# Purchase Request/Commitment

1. Program Activity Directors Review Funds Availability On-line

3. Commitment Approval:
   - Appropriation data validated
   - Funds availability electronically verified
     - Commitment established with Document Ref # (i.e., PR&C/Line#) as primary identifier
     - Transaction processed using Document Ref # , Fund Acct # and 4 Std. Transaction Elements
     - SGL updated using Std. Pro Forma Entries

DCD

2. Commitment Originator creates 511C/814 EC/EDI (Commitment) Transaction and sends to DCD

SPS

4. 511/C/814 EC/EDI (Commitment) Information Sent Direct to SPS via DCD

# Contract/Obligation

1. Contract Issued
   SPS originates 850 or 860 EC/EDI (Contract &
   Contract Modification) Transaction(s) and sends to DCD

2. DCD Posts Obligation
   - Commitment Balance or Funds Availability
     electronically verified
     - Obligation established with Obligation Doc #
       (e.g., Contract #/CLIN/SLIN) as primary
       identifier
     - Transaction processed using Obligation Doc
       #, Document Ref #, and 4 Std. Transaction
       Elements
     - SGL updated using Std. Pro Forma Entries

SPS

DCD

4. Program Activity
   Directors Review
   Obligation Status
   On-line
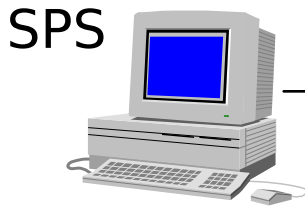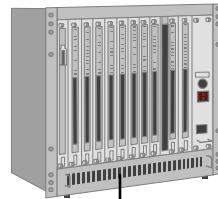
DPPS
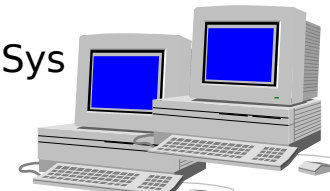
Acct Sys        Acct Sys 2

3. Applicable information passed to DPPS with oblig
   sent to respective Accounting Systems

# Receipt/Invoicing/Accrual

1. Vendor ships goods and submits
   856 EC/EDI (Shipping Notice)Transaction to DCD
   **OR**
   Vendor submits 810 EC/EDI (Invoice) Information to DCD

WAWF

DCD
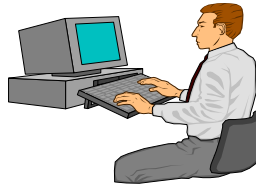
2a. Authorized Receiver generates 861 EC/EDI (Receiving Report) sends to DCD via WAWF

3. Accrual Posted
   – Obligation Balance or Funds Availability electronically verified
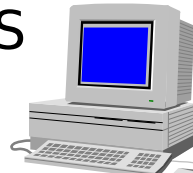     (prevalidation occurs by default)
   - Accrual established with Receiving Report # as
     primary identifier
   - Transaction processed using Receiving Report #, Obligation Doc #, and 4 Std. Transaction Elements
   - SGL updated using Std. Pro Forma Entries

WAWF
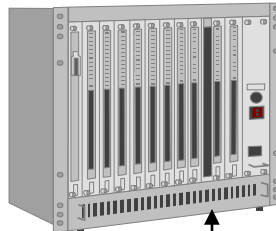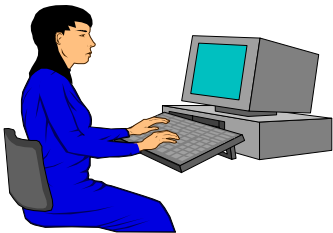
2b. Contract Administration Office Reviews and Approves Applicable 856/810 EC/EDI transactions.

WAWF

DPPS

4. Entitlement is computed in DPPS u Contract, Receiving Report, and Invoice information.

6. Program Activity Directors Review Status On-line

5. Request for Payment is passed to DCD for payment by DSDS.

# Request for Payment/Disbursement

DCD

DSDS

SPS

1. DSDS Generates Payment using data
    stored in DCD

2. Payment sent to Vendor via EFT or
    Check.

3. 820 EC/EDI (Remittance Advice) sent to
    Vendor and SPS from DCD/DSDS.

4. Disbursement Posted
    – Accrual Balance electronically liquidated
        • Disbursement established with
          Disbursement Voucher # as primary
          identifier
        • Transaction processed using
          Disbursement Voucher #, Obligation Doc
          #, and 4 Std. Transaction Elements
        • SGL updated using Std. Pro Forma Entries

# DPPS Proposed Notional Deployment Schedule



Schedule chart with time columns: Oct-Dec 1999, Jan-Mar 2000, Apr-Jun 2000, Jul-Sep 2000, Oct-Dec 2000, Jan-Mar 2001, Apr-Jun 2001, Jul-Sep 2001, Oct-Dec 2001, Jan-Mar 2002, Apr-Jun 2002, Jul-Sep 2002, Oct-Dec 2002

**CAPS sites:** Kansas City, Mo (C); Indianapolis, In (C); Columbus, Oh (C); Rome, NY; San Antonio, Tx; MedCOM (73 actv, 42 locs); Lawton, Ok; Orlando, Fl; Seaside, Ca; Norfolk, Va; Lexington, Ky; Omaha, Ne; Rock Island, IL; St Louis, Mo.; NG/Reserve Units (56/14); OCONUS Sites (19)

Labels: SRD-1, BCAS (USMC) 6/2/99, APADE 4/9/99, SAACONS, BOSS, BCAS, DbCAS-1/28/99, STANFINS, SOMARDS, SABRS, DBMS (TBD), DSDS @ KC, DSDS @ IN, DSDS @ CO

**IAPS sites:** Omaha, Ne; ANG/Reserve (27); Dayton, Oh; ANG/Reserve (32); San Bernardino, Ca; ANG/Reserve (26); San Antonio, Tx; ANG/Reserve (5); Denver, Co (C); ANG/Reserve; Limestone, Me; ANG/Reserve (13); Honolulu, Hi; ANG/Reserve; Orlando, Fl; ANG/Reserve; OCONUS Sites

Labels: BCAS (USMC) 6/2/99, SAACONS, IPC, GAFS-L,R, BCAS, DSDS @ De (Sep 01- Dec 01)

**STARS sites:** Charleston, SC; Norfolk, Va; San Diego, Ca; Pensacola, Fl; Oakland, Ca; Honolulu, Hi; Cleveland, Oh (C); OCONUS

Labels: APADE- 4/9/99, SAACONS, ADS, STARS-FL, DSDS@CL, DSDS @ Cl (Sug.)

**COL Sys:** MOCAS, SAVES, SAMMS, DISMS, FAS

Labels: STANFINS, SAACONS, DbCAS-1/28/9., SOMARDS, SABRS, APADE 4/9/99, BCAS(USMC) 6/2/99, SACONS Oct 99, SRD-1, MOCAS (TBD), DBMS (Other sys. TBD), BOSS, SAVES (TBD), SAMMS (TBD), DISMS (TBD), FAS (TBD), BCAS, DSDS @ CO, PADDS AMIS, PADDS ACPS ITIMP DPACS, DSDS @ CO (Sug.)

Legend:
Blue = Dual System Sites (CAPS and STARS) — Red = Dual System Sites (IAPS & CAPS) — Olive = Dual System Sites (IAPS and STARS)

◆ SPS    ◆ DCD Ver 99-03    ◆ DSDS Current    ◇ DSDS Suggested    L Legacy Disb.
◆ Other Functions (Disb, Acct, CW, CA etc.)

☐ = Brown Out with limited data conversion

Note: Oversized symbols encompasses more than one system.

# DPPS Benefits

**Functional Improvements**

- Automated editing of all data elements
- Funds availability prevalidation to entitlement processing eliminates UMDs
- Links payment processing contract terms to determine payment option most advantageous to the Government and increases discounts taken
- Facilitates standardized entitlement payment process for DFAS
- Accesses current data for more timely and accurate payments. Will reduce interest payments
- On-line electronic entitlement processing
- Eliminates redundant manual data input
- Data available on-line eliminates duplicate and overpayments

# Significant Improvements

| Transaction Level Changes & Improvement | Purpose | Solution | Desired Results |
|---|---|---|---|
| Obligations | To ensure transactions from the accounts payable application can be matched to the official accounting record at the time of payment. | DCD will perform maximum edits and validation on obligations prior to passing to DPPS. | Eliminate unmatched disbursements. |
| Obligations | To automate validations associated with contract clauses at the line level. | DPPS will provide functionality and store contract clauses at the header and line level. | Standardize validations and streamline contract maintenance to improve performance. |
| Obligations | To standardize and automate validations. | DPPS supplier and appropriation information will be validated to the DCD via the CEFT and GET. | Standard validation to the GET will assist in enabling obligations to be matched to the official accounting record.  Structured validations for vendor address information will increase internal controls by ensuring a separation of duties. |

# Significant Improvements

| Transaction Level Changes & Improvement | Purpose | Solution | Desired Results |
|---|---|---|---|
| Receipt/Acceptance Processing | To establish accurate accruals for accounts payables. | Upon processing in DPPS, accruals established in the official accounting record. | Accounting and payment records establish the same accruals/accounts payables to accurate balances. |
| Invoice Processing – Validation for Duplicates | To automate the process and eliminate the need for labor intensive review while increasing internal controls. | DPPS determines the uniqueness of invoices by performing stringent automated validations to the CLIN level. | DPPS validates vendor, invoice, a nd line level to determine unique invoices. |
| Invoice Processing – Line Level | To enable a more timely payment of invoices and hold exception processing only. | DPPS will provide the capability of splitting invoices by line for payment. | DFAS payment offices increase the invoices paid on time and reduce interest cost for the Department. |
| Invoice Processing – Prompt Pay | To automate the process and validate that interest funds are available. | Interest will be automatically determined and generated. | Streamlined interest processing and automated validating funds are available in the official accounting record. |

# Significant Improvements

| Transaction Level Changes & Improvement | Purpose | Solution | Desired Results |
|---|---|---|---|
| Accounting Receivable Processing | To streamline processes while maintaining internal controls | AR/AP Netting provides immediate identification and netting of receivables. | DFAS will automate the netting of receivable resulting in increased timeliness of debt collection. |
| Accounts Receivable Processing | To eliminate problem disbursements and streamline processes while maintaining internal controls. | Deobligation Modifications that result in NULO conditions will be placed on hold for manual review and creation of the receivable. | DFAS will eliminate the creations of NULOs. |

# DPPS Return on Investment

- **Reduce** operating cost
- **Increase** accuracy in payment
- **Take** proper advantage of discounts
- **Reduce** amount of interest paid
- **Eliminate** labor intensive and manual processes
- **Optimize** technology
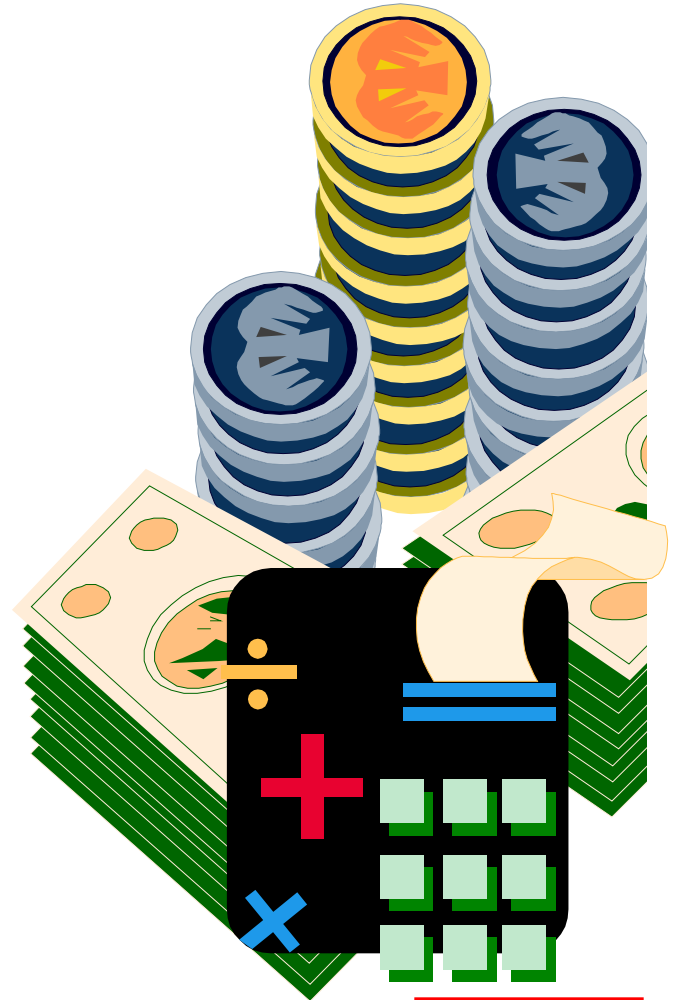
# Initial Conversion Environment

- Conversion occurs incrementally Reconciliation occurs independently
- User initiates the conversion process at the contract level
- New 850 is generated with unliquidated portion of contract
- Contract passes to DPPS and is processed like any other contract. Pre-Conversion Contract History is passed to a Legacy Datamart
- Post-Conversion Contract History is passed to a DPPS Datamart
- User can view entire history with a single query
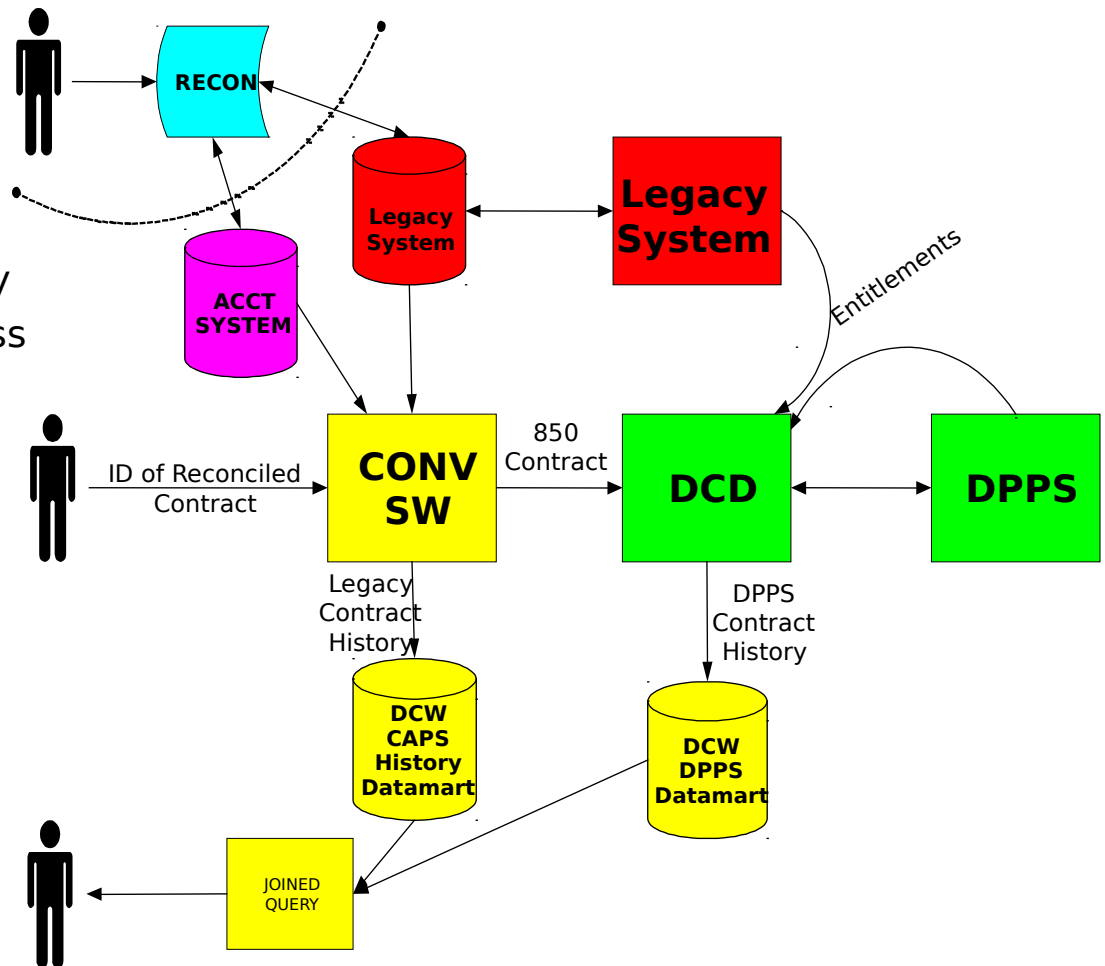
# Target Conversion Environment

- When the workload is considered manageable, all remaining legacy contracts are moved to the Legacy Datamart

- Further conversions are still supported, but from the Datamart rather than active Legacy data

- Legacy system no longer exists to process entitlements